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NATIONAL INTELLIGENCE DAILY CABLE

Wednesday 15 March 1978 CG NIDC 78/061C

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NATIONAL SECURITY INFORMATION
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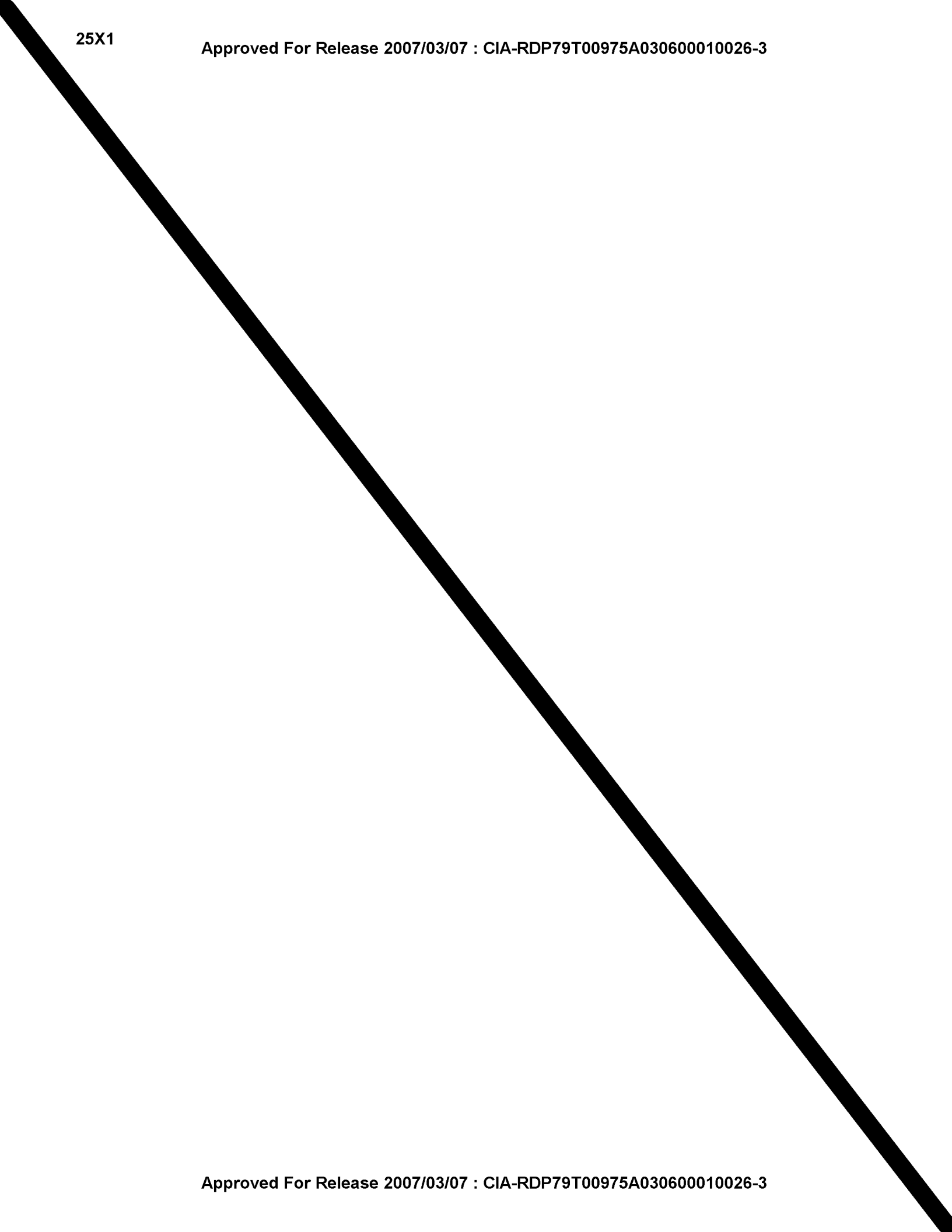

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National Intelligence Daily Cable for Wednesday, 15 March 1978.

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25X1 The NID Cable is for the purpose of informing senior US officials.

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USSR-ETHIOPIA: Soviet Reaction

25X1 *//In a conversation with Ambassador Toon on Monday, Soviet First Deputy Foreign Minister Korniyenko refused to discuss reducing the Soviet and Cuban presence in Ethiopia or stationing UN observers in the Ogaden. Korniyenko's unyielding comments were the most authoritative defense in recent weeks of Soviet policy on the Ethiopian-Somali conflict.//*

25X1 //Korniyenko, whose demeanor was described as "tough" and "brusque" by the Ambassador, argued that any discussion of the Cuban presence in Ethiopia or of a UN presence there would have to be with the parties directly involved. He implied that a US request for a reduction of Soviet and Cuban forces in Ethiopia was improper and rhetorically asked what the US response would be to a Soviet demand that the US reduce its personnel in Iran.//

25X1 //The official also accused the US of distorting the USSR's position in leaks to Western media, particularly the notion that Soviet Ambassador Dobrynin had "reacted positively" to the idea of reducing the Soviet and Cuban presence in Ethiopia. Korniyenko said this is not a matter for Soviet-US discussion and implied that there would be no reduction in force levels as long as Somalia refuses to renounce its claim to the
25X1 Ogaden.

NAMIBIA: Political Decisions

25X1 *//South African leaders seem to be weighing domestic political considerations and what they believe are changes in US attitudes about current developments in Africa before deciding whether to proceed unilaterally with a program for Namibian independence. The US Embassy in Cape Town estimates the odds as less than even that South Africa will accept the Western settlement proposal as it is now drafted.//*

25X1 //Recent informal discussions between South African diplomats and Western envoys indicate that South Africa is determined to maintain a military presence strong enough to cope either with truce violations by the South-West Africa People's Organization or with actions by the proposed UN peacekeeping force that the South Africans judge to be contrary to

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their interests. The South Africans are adamant that their residual force remain until an independent government is established, instead of leaving shortly after an election as the Western plan prescribes. They have shown some flexibility, however, on other parts of the complex proposal.//

25X1 [redacted] //Foreign Minister Roelof Botha apparently hopes that, if a settlement is achieved, his leading role in the long, hard bargaining will put him in line for eventual top leadership in South Africa. As a newcomer to the cabinet, however, Botha must solicit backing for a settlement not only from Prime Minister Vorster but also from several veteran cabinet ministers who have far greater influence than Botha does in the ruling National Party. The strongest of these are Minister of Defense Pieter Botha and Minister of Information and Plural Relations Mulder. Mulder, regarded as the most likely successor to Vorster, is among the more conservative members of the cabinet.//

25X1 [redacted] //The Minister of Defense no doubt will insist that the settlement terms preserve South Africa's capability for effective military action in Namibia until there is a reliable new government. The conservatives in the cabinet and in Parliament are very likely to be sympathetic to appeals from white hard-liners in Namibia, who advocate breaking off settlement talks and proceeding with a unilateral program that gives priority to white interests in the territory.//

25X1 [redacted] //The Embassy reports that South Africans also are speculating whether recent developments in the Horn of Africa and Rhodesia may modify Western policy toward Namibia.//

25X1 [redacted] //Many South Africans believe that the US is adopting a tougher policy toward Soviet and Cuban involvement in Africa, but they draw various inferences. Some South Africans apparently think the US and other Western sponsors of the Namibian settlement talks may now tolerate a South African unilateral solution in Namibia. Others believe that heightened Western wariness of the Communist threat may make it safer for South Africa to accept the Western settlement package, arguing that the West can now be trusted not to condone truce violations by SWAPO.//

25X1 [redacted]

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(C NF) //The Embassy has learned from sources in the South African Parliament that a debate on Namibia is not likely until after the Easter recess, scheduled for 16 to 28 March. The debate on the government's budget immediately after the recess will afford opposition leaders an opportunity to demand a policy statement on Namibia.

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CHAD: Situation Report

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The French Embassy in Chad believes that French reinforcements now posted in the north will stabilize the military situation there. Tensions in the Chadian ruling council continue, however, and there are rumors of coup plotting against President Malloum.

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25X1 [redacted] France has sent airborne troops and legionnaires, including some veterans of earlier service in Chad, directly to outposts at Moussoro, Mongo, and Abeche along with helicopters. The primary mission of the French force at Abeche is to protect the airfield and to ensure the security of French citizens there. France has also stationed four transport aircraft at Ndjamena to support the Chadian Army.

25X1 [redacted] The French Ambassador told the US Ambassador that France would send more forces if those already there were not sufficient. He said the outcome of the French election would not affect his government's support for Chad and noted that French Socialist leader Mitterrand has no use for Libyan President Qadhafi, who is supporting the insurgents. He remarked it is important that the Chadian Government receive some real sign of US support.

25X1 [redacted] Qadhafi's real intentions are unclear, and his preliminary talks last week with the Chadian Vice President produced nothing of significance. Peace negotiations between Chad, Libya, and the rebels will begin next Tuesday, but there is no assurance that the rebels will participate. Rebel radio broadcasts point out that they did not participate in the cease-fire talks in Libya last month and assert that they are not bound by the decisions reached there.

25X1 [redacted] Tensions within Chad's ruling Supreme Military Council have fueled rumors of an impending coup. The group within the council that favors negotiations with Libya and the rebels is now on top, but Foreign Minister Kamougue, now on the defensive, might attempt to oust Malloum if he himself were threatened with removal. The French reinforcements have strengthened Malloum's position, but his ultimate fate could rest on the outcome of the negotiations.

25X1 [redacted] If the rebels continue their insurgency, both the US and French Embassies in Ndjamena believe they may launch a campaign of terror against the central government and Europeans
25X1 in Ndjamena. [redacted]

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WEST GERMANY: Labor Problems

25X1 *West Germany's labor problems worsened last weekend with the breakdown of talks aimed at averting a strike today by metal workers in Baden-Wuerttemberg. Union officials rejected management's offer of a pay raise of just over 4 percent and decided to strike for 8 percent. The strike is certain to heighten the already growing concern within the government over the possible negative impact of labor unrest on the economy and, in the longer run, on the unity of the governing coalition.*

25X1 The metal workers' unions in the northern states of Baden-Wuerttemberg and North Rhine - Westphalia last week overwhelmingly authorized their leaders to call a strike following unsuccessful attempts to narrow the gap between the unions' demand and management's original offer. No strike date has been set for North Rhine - Westphalia, but the metal workers there will probably follow the lead of the unions in Baden-Wuerttemberg. Management in North Rhine - Westphalia is considering lockouts of employees even if there is no formal strike.

25X1 Metal workers in Baden-Wuerttemberg would like to win a wage hike above the government's suggested 5 percent, a settlement that could then be used as a model for other regions. Management, however, seems reluctant to offer more than 4 percent. Both management and the union rejected a compromise proposal of 4.8 percent late last month.

25X1 Elsewhere, labor and management in the newspaper industry have been sparring with spot strikes and lockouts in major West German cities for about two weeks. Newspaper publishers have vowed to lock out workers in about 230 of the country's 250 dailies today unless the printers return to work in several large cities. Negotiations will resume or open with workers in public services, the construction industry, and private banking--all of whom are demanding wage increases in excess of 5 percent.

25X1 The government is continuing its hands-off approach, but there are indications that the prolonged labor unrest is causing concern. An official of the Economics Ministry told the US Embassy that he was worried about the possible impact of excessive wage settlements on the economy. A strike in the steel and metal industry, he said, would almost certainly

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result in a wage increase exceeding the government's informal guideline. This could slow investment and jeopardize government hopes that present fiscal programs would be sufficient to attain the 3.5-percent growth target set for this year.

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SPAIN-UK: Gibraltar Talks

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//Another round of Spanish-British talks on Gibraltar is scheduled to get under way today in Paris. No quick solution is likely on the basic problem of sovereignty, but some progress toward easing tension over the issue seems possible.//

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Neither Spain nor the UK expects the impasse to be resolved soon. The authorities in Gibraltar refuse to open substantive negotiations on sovereignty until the Spanish blockade, imposed by General Franco in 1969, is lifted. Spain, under intense domestic pressure, believes it cannot lift the blockade until negotiations have shown significant progress.

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Spain, according to Foreign Minister Oreja, is willing to offer Gibraltar enhanced autonomy, including its own administration, courts, and public order force; Madrid would be responsible only for foreign and defense policy. The people of Gibraltar overwhelmingly favor remaining British, but it is clear that Gibraltar's colonial status cannot be maintained indefinitely. British officials, moreover, have ruled out full integration with Britain.

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The first round of the current talks took place last November. Although it accomplished little of substance, it did seem to improve the atmosphere. Subsequently, Spain extended indefinitely the customary Christmas opening of telephone communications with Gibraltar. More significant for the long run, the Spanish seem to have been making a greater effort since November to understand Gibraltar's point of view. Representatives of Spain's principal political parties have visited Gibraltar, and a correspondent of the official Spanish news agency has been posted there.

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These contacts appear to have fostered greater appreciation by Madrid that Gibraltarian acceptance of Spanish sovereignty is likely to take a long time. On his return from

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a visit to Gibraltar in January, the international secretary of Prime Minister Suarez' Union of the Democratic Center spoke to newsmen of a transition period of 10 to 25 years.

25X1 [redacted] //The issue is charged with emotion, and the Spanish, British, and Gibraltarian Governments all will have serious trouble with domestic lobbies in justifying any concessions. Nonetheless, if the Gibraltarians now respond to the Spanish concession on telephone links by satisfying Madrid that there is some movement on their part toward meeting Spanish goals, Spain is likely to reciprocate, perhaps by reopening ferry service from Algeciras to Gibraltar.// [redacted] 25X1

CHINA: New Defense Minister

25X1 [redacted] *//The selection of Chinese Politburo member Hsu Hsiang-chien as defense minister at the National People's Congress last week is probably only a temporary solution to the political infighting over the defense portfolio. Hsu is 76 years old and in poor health, and the circumstances of his selection suggest that he was a compromise candidate chosen for his political neutrality. The Chinese leadership apparently could not agree on a stronger personality to replace Party Vice Chairman Yeh Chien-ying, who became the de facto head of state.//*

25X1 [redacted] //Before the congress, there were numerous reports that Canton Military Region Commander Hsu Shih-yu, thought to be an ally of Vice Premier Teng Hsiao-ping, would replace Yeh as defense minister. Chen Hsi-lien, commander of the Peking Military Region and an opponent of Teng's, was also a candidate for the job. A stalemate may have developed between pro- and anti-Teng forces on the Politburo over who should receive the defense portfolio, and Hsu Hsiang-chien probably was selected to break the deadlock.//

25X1 [redacted] //Hsu will probably have less influence on military matters than his predecessors. He has no apparent strong ties to Teng or to Party Chairman Hua Kuo-feng, the principal contenders for power, nor does he appear to have an independent power base in the People's Liberation Army. He is professionally competent, however, and as one of China's "old marshals" is widely respected within the armed forces.//

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25X1 //The defense minister is usually the de facto chairman of the Military Commission, the party body that oversees the armed forces, but there is no indication that Hsu has yet replaced Yeh in this critical post. At least two other members of the Military Commission, Teng and former Chief of Staff Lo Jui-ching, seem to have greater influence than Hsu.//

25X1 //China's military establishment is reasonably stable politically, but it faces several important questions that require effective leadership. The trend of military disengagement from civilian political activity is continuing.//

25X1 //The issues of military modernization and war preparedness could cause considerable controversy, especially over budgetary allocations. The recently adopted program of screening and "purifying" the military leadership has already resulted in some shuffling and restructuring of command groups, mostly at middle levels, and instability could result if it is not carried out carefully.//

25X1 //Hsu has consistently advocated "professionalism" and de-politicization of the armed forces, but his positions on these important military issues are not entirely clear. Hsu appears to rank behind Yeh, Teng, and Lo Jui-ching in the military hierarchy and can be expected to follow their lead in carrying out these and other policies. 25X1

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Argentina

25X1 [redacted] A riot yesterday in one of Argentina's largest prisons is likely to increase international and domestic criticism of the military regime. US Embassy sources say 70 persons were killed and 30 injured in one of the worst prison riots on record.

[redacted]

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25X1 [redacted] According to press reports, both guards and inmates were casualties; no cause has been given for the rioting. The prison houses hundreds of political prisoners, but the Embassy sources describe those taking part in the riot as mostly "common criminals." Civilian groups, which are becoming bolder in criticizing the military government, may try to exploit the incident in an attempt to undermine the regime's authority. [redacted] 25X1

25X1 [redacted]

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